

**NOTICE OF AMENDMENT  
AND  
WARNING LETTER**

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

February 11, 1997

Mr. Coleman Ferguson  
General Manager  
Farmland Industries, Inc.  
Farmland Petroleum Refinery  
P.O. Box 570  
Coffeyville, KS 67337

CPF No. 37510

Dear Mr. Ferguson:

On March 26-27, 1996 and April 23, 1996, a representative of the Central Region, Office of Pipeline Safety, pursuant to Chapter 601 of 49 United States Code, conducted an onsite pipeline safety inspection of Farmland Industries' pipeline facilities and records in Bartlesville, Oklahoma and Coffeyville, Kansas.

As a result of the inspection, it appears that you have committed probable violations, as noted below, of pipeline safety regulations, Title 49, Code of Federal Regulations, Part 195. The items inspected and the probable violations are:

**1. § 195.402 - Procedural manual for operations, maintenance, and emergencies.**

**§ 195.402(a) requires each operator to prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities.**

During the inspection, the following procedures in the operation and maintenance (O&M) manual were unavailable or inadequate at the time of the inspection. They are as follows:

- (a) Procedures to verify the removal of arc burns by nondestructive testing or by any other means as specified by § 195.226 and as related to § 195.422.
- (b) Procedures for retention of Construction Records as specified by § 195.266(a) and as related to § 195.422.

- (c) Procedures for the abandonment of your pipeline facilities as specified by § 195.402(c)(10).
- (d) Procedures for training Company personnel who perform operation and maintenance activities to recognize safety-related conditions that are subject to the reporting requirements as specified by § 195.402(f).
- (e) Procedures for the monitoring of pipeline casings to determine whether or not they are electrically isolated from the carrier pipe. There were also no procedures for determining what mitigating steps were to be taken if a casing is determined to be shorted as specified by § 195.416(a).
- (f) Procedures to explain how you would maintain each mainline valve as specified by § 195.420(b).

**2. § 195.404 - Maps and Records.**

**§ 195.404(a) requires that each operator shall maintain current maps and records of its pipeline systems that include the following information:**

- (3) The maximum operating pressure (MOP) of each pipeline.**

MOP's have been established using their procedures for the pipeline system. However, upon requesting the documentation that indicated what the MOP's were, Company personnel were unable to provide the information. The Company should maintain these records so their personnel can readily determine each individual pipeline's MOP.

**3. § 195.412(a) - Inspection of rights-of-way and crossings under navigable waters.**

**§ 195.412(a) requires the operator to, at intervals not exceeding 3 weeks, but at least 26 times each calendar year, inspect the surface conditions on or adjacent to each pipeline right-of-way. Methods of inspection include walking, driving, flying, or other appropriate means of traversing the right-of-way.**

Aerial patrol is the only method used by Farmland to inspect conditions on the right-of-way. The right-of-way of the 3" pipeline that crosses Bartlesville, Oklahoma is overgrown to the point that would make aerial inspection difficult. Farmland could not show that an adequate inspection had been

performed on the pipeline. When areas of the right-of-way cannot be adequately patrolled from the air, the patrolling procedures in the O&M manual should be revised to require an alternate means of patrolling the pipeline.

**4. § 195.416(a) - External Corrosion Control.**

**§ 195.416(a) requires each operator to, at intervals not exceeding 15 months, but at least once each calendar year, conduct tests on each underground facility in its pipeline systems that is under cathodic protection to determine whether the protection is adequate.**

Pipe-to-soil readings taken at tanks #285 and #290 at the Coffeyville Station were below -850 mv on two quadrants, at the time of the inspection. A review of the records revealed that these tanks were deficient the year before. Remedial action should have been started for these two tanks last year when the deficient reads were first discovered. Upon further investigation, the problem appeared to be with the cabling.

**5. § 195.440 - Public Education.**

**§ 195.440 requires each operator to establish a continuing educational program to enable the public ... to recognize a hazardous liquid... pipeline emergency and to report it to the operator or the fire, police, or other appropriate public official.**

At the time of the inspection, the Company had participated in some One-Call programs, but had not conducted any public educational programs. Company personnel indicated that the first program was scheduled for May 9th and that it would be documented.

Under 49 United States Code § 60122, you are subject to a civil penalty not to exceed \$25,000 for each violation for each day the violation persists up to a maximum of \$500,000 for any related series of violations.

In regard to items 4 and 5, we have reviewed the circumstances and supporting documents involved for the violation in this case, and have decided not to assess you a civil penalty. Because of the good faith that you have exhibited up to this time, we expect that you will act to bring your operations into compliance with pipeline safety regulations.

Regarding items 1, 2, and 3, when it is found that an operator's

procedures are inadequate, 49 C.F.R. § 190.237 provides that the operator, after notice and opportunity for hearing may be required to amend its plans and procedures. This letter serves to provide you with notice of the inadequate procedures and the response options as prescribed under § 190.237. The operator is allowed forty-five (45) days after receipt of such notice to submit written comments or request a hearing. After considering the material presented, the Office of Pipeline Safety is required to notify the operator of the required amendment or withdraw the notice proposing the amendment. If you do not desire to contest the notice, please provide the revised procedures within forty-five (45) days of receipt of this notice.

In addition, the inspection disclosed an item of concern. While conducting a field evaluation of the Valley Center Station, it was noticed that the main manifold system had sections of exposed piping that should have been cleaned and coated. This issue was discussed with your representatives and they agreed to correct the coating immediately. Thank you for your cooperation in this matter.

Sincerely,

Ivan A. Huntton  
Director, Central Region  
Office of Pipeline Safety